

VZCZCXRO8987
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #2075/01 2120106
ZNR UUUUU ZZH
P 300106Z JUL 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 6157
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 1461
RUEHFK/AMCONSUL FUKUOKA 9087
RUEHOK/AMCONSUL OSAKA KOBE 2817
RUEHNAG/AMCONSUL NAGOYA 7291
RUEHKSO/AMCONSUL SAPPORO 9670
RUEHBJ/AMEMBASSY BEIJING 4605
RUEHUL/AMEMBASSY SEOUL 0595
RUCNDT/USMISSION USUN NEW YORK 0984

UNCLAS SECTION 01 OF 11 TOKYO 002075

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 07/30/08

INDEX:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Defense and security affairs:

- 4) Meeting with Prime Minister Fukuda, Ambassador Schieffer expresses U.S. expectation that Japan will continue Indian Ocean refueling services (Tokyo Shimbun)
- 5) It is definite now that new anti-terror law allowing MSDF refueling services in Indian Ocean will expire, since New Komeito balking at Lower House override (Sankei)
- 6) Opposition group from Okinawa assembly protests at U.S. Embassy against "building a new base" (Akahata)
- 7) Defense Ministry plans to provide Zama City subsidy for accepting USFJ realignment plan (Yomiuri)
- 8) Self-Defense Forces drill planned for this fall cancelled due to soaring fuel prices (Tokyo Shimbun)
- 9) White Paper on Defense, ready in outline, focuses on ministry reform (Tokyo Shimbun)

Diplomacy:

- 10) Prime Minister Fukuda will touch down in Beijing for Olympic ceremony aboard an SDF plane (Asahi)
- 11) North Korea says its needs more stages before it can fully abandon its nuclear program (Asahi)
- 12) ROK premier visiting disputed Takeshima (Dokdo) isles, and ROK military stages drill there (Tokyo Shimbun)

Political agenda:

- 13) Heads of ruling parties will meet to coordinate cabinet shuffle

on Aug. 4 (Sankei)

14) Foreign Minister Koumura postpones three-nation tour due to expected cabinet shuffle (Mainichi)

15) Timing of extra Diet session still unsettled, with Fukuda still pushing for late August convocation (Tokyo Shimbun)

16) New plan to ease the financial situations of the populace but little in it reflects a Fukuda policy imprint (Mainichi)

17) Structural reforms lost in the mist as politicians scramble to reverse the course and insert pork barrel into budget, delay plans, and strengthen regulations (Nikkei)

Articles:

1) TOP HEADLINES

Asahi: Mainichi: Yomiuri: Nikkei: Tokyo Shimbun

WTO negotiations beak down as U.S., China and India remain reluctant to make concessions, making long-term stalemate likely

Sankei:

New Antiterrorism Special Measures Law likely to expire, with New Komeito determined not to take part in second vote in Lower House

Akahata:

Budget request guidelines for fiscal 2009: Social security expenses -- constraint on natural increase by 220 billion yen to be continued

2) EDITORIALS

TOKYO 00002075 002 OF 011

Asahi:

- (1) Cabinet shuffle: Policy should come first
- (2) Accidents in rivers: Pitfalls in water parks

Mainichi:

- (1) Social security: Important to translate words into action
- (2) River accident in Kobe: Prepare cities for heavy rain

Yomiuri:

- (1) Fiscal resources needed for social security plan
- (2) Heavy rain leads to accidents in rivers in urban areas

Nikkei:

- (1) Create a powerful budget through bold change in public expenditures
- (2) Five proposals in social security plan fall short of ensuring peace of mind

Sankei:

- (1) Budget request guidelines for fiscal 2009: Stay on course in implementing fiscal reconstruction
- (2) Social security plan: Reform MHLW

Tokyo Shimbun:

- (1) River accidents: Rivers in urban areas can be dangerous
- (2) Budget request guidelines have become hollowed out

Akahata:

- (1) Budget request guidelines: Change the basis of a policy of constraining increases in social security expenses

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 29

NIKKEI (Page 2) (Full)
July 30, 2008

08:24

Met Chief Cabinet Secretary Machimura at the Kantei.

09:21

Handed recommendation letters to the potential candidates for the

Niigata and Toyama gubernatorial elections at LDP headquarters, with Secretary General Ibuki, Election Committee Chairman Koga, and others present. Attended an executive meeting.

10:01

Attended a meeting of the global warming taskforce at the Kantei. Later, met Foreign Minister Koumura. Attended a cabinet meeting. Health, Labor and Welfare Minister Masuzoe stayed behind.

10:54

Met Mark Kelly, the commander of the space shuttle Discovery, and other astronauts.

11:10

Met members of the Chinese Youth People's Association. Followed by Internal Affairs Minister Masuda.

12:28

TOKYO 00002075 003 OF 011

Met Machimura.

13:39

Met U.S. Ambassador Schieffer.

14:36

Attended a ceremony to present certificates for environment-friendly model cities.

15:50

Attended a meeting of the Council on Economic and Fiscal Policy.

16:36

Attended a cabinet meeting. Later met Deputy Chief Cabinet Secretary Futahashi.

17:05

Met Special Advisor Ito. Followed by former Foreign Minister Nakayama.

18:15

Met Machimura.

18:49

Returned to his official residence.

4) U.S. envoy hopes for Japan's continued refueling mission

TOKYO SHIMBUN (Page 2) (Full)
July 30, 2008

Prime Minister Fukuda met with U.S. Ambassador to Japan Schieffer at his office yesterday and exchanged views over the Self-Defense Forces' activities for international contributions, including the Maritime Self-Defense Force's refueling mission in the Indian Ocean and the Air Self-Defense Force's assistance to Iraqi reconstruction.

After the meeting, Schieffer told reporters, "We hope Japan will continue its contributions to realize a peaceful Afghanistan and a peaceful Iraq." With this, he clarified that the United States strongly hopes for the SDF's continued contributions.

5) New antiterrorism law certain to expire; New Komeito rejects re-adoption, casting pall over international contributions

SANKEI (Top play) (Excerpts)
July 30, 2008

It has become nearly certain that the new Antiterrorism Special Measures Law, the legal basis for the Maritime Self-Defense Force's refueling operation in the Indian Ocean, will expire next January. The reason is that the New Komeito, which is calling for the convocation of an extraordinary Diet session in late September, has decided not to go along with the coalition's use of a two-thirds House of Representatives override vote to pass the legislation with

an eye on a Lower House dissolution before the end of the year. Additionally, the LDP Upper House leadership has begun echoing the New Komeito's decision. Now that the government has decided to put an end to the Air Self-Defense Force's activities in Iraq before the end the year, the expiration of the antiterrorism law is certain to take a toll on the Japan-U.S. alliance. The MSDF's withdrawal, which

TOKYO 00002075 004 OF 011

is likely to have a serious impact on the framework of Operation Enduring Freedom - Maritime Interdiction Operation (OEF-MIO), is expected to draw fire from the international community.

Majority leaned toward suspension

Defense Minister Shigeru Ishiba, in an LDP national defense joint meeting on the morning of July 29, underlined the importance of the MSDF's refueling operation, saying: "The war on terrorism is at a crucial stage. The question here is if Japan truly has a sense of being involved in this war." Some attendants echoed Ishiba, with Upper House member Masahisa Sato asking, "Should a contingency occur in the Strait of Hormuz from an outrageous act by Iran, who will assist Japan with the transport of crude oil?"

In an LDP General Council meeting, Upper House member Ichita Yamamoto said: "If China joins the war on terrorism in Afghanistan, Japan's image would be damaged immeasurably on the security and diplomatic fronts." But no one subscribed to Yamamoto's view. The prevailing view in the LDP is that the suspension of the MSDF activities cannot be helped.

Since a supply vessel was dispatched in January this year, the MSDF has contributed to measures against terrorism and piracy, proving a total of 5,475 kiloliters of fuel through 32 occasions to vessels of such countries as the United States, Britain, France, and Pakistan.

The continuation of the MSDF operation requires amendments to the Antiterrorism Law in the extraordinary Diet session. Chances are slim that the opposition parties, including the Democratic Party of Japan, which opposed the legislation in last year's extraordinary Diet session, will reverse their position and support the law's extension.

Further, with a Lower House dissolution before the end of the year in mind, New Komeito has announced its opposition to the Lower House readopting the legislation, with Secretary General Kazuo Kitagawa saying, "Conducting thorough discussion between the ruling and opposition camps in order to obtain the opposition bloc's understanding is our priority." Winning a two-thirds majority in the Lower House without the New Komeito's cooperation is impossible. The option of readopting the legislation in the lower chamber has effectively been sealed off.

New Komeito is also calling for the convocation of an extraordinary Diet session in late September instead of in late August, which makes it difficult to secure enough deliberation time. With an eye on the U.S. presidential race in November, a former cabinet minister said, "I wonder if we should amend the law by putting the administration out on the line at a time when the future of America's security policy remains unclear."

6) Opposition bloc mission from Okinawa Prefectural Assembly visits American Embassy in Japan and other offices to call for halt in building new base

SHIMBUN AKAHATA (Page 4) (Full)
July 30, 2008

A delegation consisting of representatives from the opposition bloc, including the Japan Communist Party (JCP), of the Okinawa

TOKYO 00002075 005 OF 011

Prefectural Assembly yesterday visited Tokyo in order to request of the Diet, U.S. Embassy in Japan, and U.S. Forces Japan headquarters

that the contents of the assembly's opinion paper and resolution opposing the building of a new base at Henoko in Nago City, adopted at a regular meeting of the assembly by majority made up of opposition parties, be implemented.

The mission consisted of five assembly members including Masaaki Maeda of the JCP. On the same day, the request was made at the U.S. Embassy in Tokyo and the U.S. Forces Japan Headquarters at Yokota Air Base.

The mission made this appeal: "The realignment of U.S. forces in Japan was an arbitrary decision made by the Japanese and U.S. governments. The view of most of the prefectural residents is to protect our beautiful sea. They are opposed to any building of new bases."

At the U.S. Embassy, they were received by Security Policy Chief Ray Greene. According to the delegation, Greene reportedly stated, "If the relocation to the Henoko district is not realized, none (of the realignment plan) will go forward."

7) Gov't to subsidize Zama for USFJ realignment

YOMIURI (Page 4) (Abridged)
July 30, 2008

The Defense Ministry decided yesterday to subsidize the city of Zama in Kanagawa Prefecture over the planned realignment of U.S. forces in Japan. Zama had opposed the U.S. Army's planned relocation of its 1st Corps' forward-deployed headquarters to Camp Zama, a U.S. military base in the city. But the city has now agreed to set up a consultative body with the government over the U.S. military's realignment. In response, the Defense Ministry made the decision. All 39 municipalities will now be subsidized in return for their acceptance of U.S. force realignment plans.

The Defense Ministry yesterday proposed setting up a consultative body for the government and base-hosting localities to discuss how to alleviate local burdens along with the U.S. force realignment. Zama agreed to the proposal.

8) MSDF drills likely to be called off due to rising fuel prices

TOKYO SHIMBUN (Page 3) (Full)
July 30, 2008

The Maritime Self-Defense Force is scheduled to carry out annual training exercises this fall. In this regard, MSDF Chief of Staff Keiji Akahoshi told the press yesterday that the MSDF would have to consider downscaling or calling off the scheduled training exercises in the wake of rising fuel costs.

The MSDF annually carries out large-scale training exercises with a full-fledged lineup of vessels and airplanes participating. The MSDF's annual training exercises were not called off even in the face of the oil crises in the 1970s. If the exercises are called off, it would be the first case since 1954.

9) Defense white paper outlined

TOKYO 00002075 006 OF 011

TOKYO SHIMBUN (Page 2) (Full)
July 30, 2008

The Defense Ministry yesterday completed an outline of its white paper for 2008 and presented it to the ruling Liberal Democratic Party at a joint meeting of its defense-related divisions. The white paper has four themes, including the Defense Ministry's plan to reform itself. In this regard, the white paper lists the Defense Ministry's proposals and efforts to prevent scandals and restructure its organization. The Defense Ministry will present a report on it at a cabinet meeting in late August.

The white paper introduces an outline of a government advisory panel's recent report regarding the Defense Ministry's reform. Based

on an analysis of scandals in the past, the white paper underscores the importance of following the rules and specifies a restructuring plan to integrate the Defense Ministry's bureaucracy and the Self-Defense Forces' staff offices.

10) Fukuda to use SDF aircraft to attend Beijing Olympics opening ceremony

ASAHI (Page 2) (Full)
July 30, 2008

It was decided yesterday that Prime Minister Yasuo Fukuda will use an Air Self-Defense Force U-4 multipurpose support plane in order to attend the Beijing Olympics opening ceremony on August 8. It will be the first time for an ASDF aircraft, not a government plane, to land in China.

The size of the entourage traveling with the prime minister will be smaller than a regular foreign trip and the flight distance will be short. Given the situation, the government has decided to use the U-4 19-seat transport aircraft, which has a shorter flight range than the 150-seat government plane. The government is now arranging a time for a U-4 test flight with China.

In June 2007, then Foreign Minister Taro Aso also used a U-4 in his one-day trip to Jeju Island, South Korea. Fukuda will be the first prime minister to use a U-4 for a foreign trip.

11) North Korea asserts at Six-Party Talks that it still needs more stages before it is denuclearized

ASAHI (Page 2) (Excerpt)
July 30, 2008

(Seoul) It has been learned that North Korea during the Six-Party Talks by the heads of the delegations held in Beijing July 10-12, asserted that before it reaches the "third stage" that aims at complete elimination of its nuclear programs, it "still needs one or two more stages." This was revealed in a speech in Seoul given by the chief ROK delegate to the talks.

North Korea aims at each stage of eliciting in return economic assistance and other measures, and has been stalling for time in order that the pace of moving toward denuclearization will slow down.

12) South Korean Prime Minister visits Takeshima for first time, aiming to avert criticism of government as "weak-kneed"

TOKYO 00002075 007 OF 011

TOKYO SHIMBUN (Page 7) (Excerpts)
July 30, 2008

(Kaname Fukuda, Seoul)

South Korean Prime Minister Han Seung Soo visited the Takeshima islets, called Dokdo in South Korea, on July 29. He is the first South Korean prime minister to visit the islets. By going there, he aimed to counter recent moves by Japan and the U.S. in connection the territorial dispute and to underscore to domestic and foreign audiences that Seoul is in effective control of the islets. Suffering from low public support, the ROK administration led by President Lee Myung-bak seems to have been trying to take a tough stance in the dispute in order to avert public criticism of its being "weak-kneed."

According to the South Korean media, Han met security squad members stationed on the islets and spoke words of encouragement. He also set up a stone signpost marking, "Our land, Dokdo." He emphasized: "With this visit, we must impress the world that Dokdo is South Korea's territory."

The Navy, Air Force, and Naval Police will start a three-day drill in the sea off the islets on July 30 on the assumption of an invasion of the Takeshima islets by foreign vessels. Drills have

been carried out from before, but the South Korean government is willing to play up its determination to protect its territory through the new exercise.

13) Fukuda-Ota meeting tomorrow

SANKEI (Page 2) (Full)
July 30, 2008

Prime Minister Yasuo Fukuda has decided to hold a meeting on July 31 with New Komeito leader Akihiro Ota to discuss the timing of a cabinet shuffle and the opening of an extraordinary Diet session. He is expected to tell Ota that he will shuffle his cabinet as early as August 4. Fukuda aims to convene the extra session in late August, but the New Komeito has called for opening it in late September.

The ruling Liberal Democratic Party (LDP) and New Komeito will hold a meeting today of their secretaries general and Diet affairs committee chiefs. In the meeting, the timetable for the Fukuda-Ota meeting will be confirmed. The LDP will hold an emergency executive meeting tomorrow to finalize the future political schedule. There is a view in the LDP that a shuffle of the executive members will be carried out on August 3.

14) Foreign Minister Koumura puts off visit to Sri Lanka, India, Uzbekistan

MAINICHI (Page 2) (Full)
July 30, 2008

The Foreign Ministry announced last night that Foreign Minister Masahiko Koumura has foregone a trip to Sri Lanka, India, and Uzbekistan August 1-8. In the government and ruling coalition, there is a view that Prime Minister may shuffle his cabinet on August 4. Koumura, therefore, appears to have put off the planned three-country tour for that reason.

TOKYO 00002075 008 OF 011

A Foreign Ministry source said: "It is not that the Prime Minister instructed him to put it off; the Foreign Minister himself made that decision, and we thought that it would be better to inform the three countries of our decision as early as possible."

Koumura said at a press conference yesterday morning: "I want to make a decision on (whether to visit the three countries) after considering external and internal matters."

15) On timing of extra Diet session, Fukuda eyes late August while ruling members call for late September

TOKYO SHIMBUN (Page 2) (Excerpts)
July 30, 2008

Prime Minister Yasuo Fukuda has kept silent on the possibility of a cabinet shuffle, as well as on the timing for opening an extraordinary Diet session. Fukuda's cautious stance reflects his judgment that the timing for opening the session will affect his administration's fate. Will the session be convened in late August or in late September? Fukuda and ruling party members, while also keeping a possible Lower House dissolution in mind, now have slightly different ulterior motives.

On June 20, when the ordinary Diet session ended in effect, Fukuda declared that he would convene an extraordinary Diet session at an early date.

"The session is usually convened in September but might open a little earlier this year. Everyone must have the same view." In response, the government and the ruling camp started preparations for convening the session on Aug. 22 or 25.

Fukuda aims to extend the new antiterrorism special measures law beyond its Jan. 15 expiration in order to have the Maritime Self Defense Force (MSDF) continue its refueling mission in the Indian Ocean.

The government enacted the said law by extending the extraordinary Diet session last year, which opened on Sept. 10, to the following year and taking an override vote in the Lower House. To avoid a recurrence of such confusion, the government judged it necessary to open the session earlier than usual.

However, when the prime minister was on summer vacation, ruling party members began to move to modify the government's plan.

A senior New Komeito member grumbled to his aide on July 18: "Don't assume that the session will open in late August." Around that time, a senior House of Councillors member of the Liberal Democratic Party also said, with attacks by the opposition camp in the Diet in mind: "The less time we spend on the defense, the less we will be attacked."

Calls for the session in September were not only part of their Diet strategy. Delivering a speech on July 23, LDP Election Committee Chairman Makoto Koga expressed his caution about convening the session in August on the premise of passing the bill extending the MSDF mission by taking an override vote in the Lower House. He also said: "For the next general election, any other timing than early next year is inconceivable."

TOKYO 00002075 009 OF 011

Those who are calling for the session opening in September eye a general election early next year in a bid to avoid forcible management of the Diet session, which would inevitably result in a setback to the government. They are not obsessive about passing the bill extending the refueling mission.

A mid-ranking New Komeito member said: "Our party is eyeing (Lower House dissolution in) January." In response, a former cabinet member said: "The New Komeito will no longer agree on the override-vote approach." This view is gaining influence in the LDP.

Fukuda is still willing to pass the bill extending the MSDF mission as part of Japan's international contributions. If the prime minister gives up on his plan to open the session in August and on the passage of the said bill under pressure from the ruling camp, he will rapidly lose his grip on the party. Even so, if he insists on a Lower House convocation in August, friction will occur between him and the ruling camp. Now that people in the ruling camp have voiced doubts about their chances of winning a Lower House election under the premier, Fukuda must be willing to avoid friction.

16) Fukuda's policy imprint cannot be seen in social welfare plan

MAINICHI (Page 2) (Slightly abridged)
July 30, 2008

The government's emergency social welfare program, called the "five step relief plan," was revealed yesterday. It was compiled under instructions from Prime Minister Yasuo Fukuda, who has been increasingly alarmed by public criticism of the pension-record fiasco and the controversial health insurance system for people aged 75 and over. However, the government only had one month to ready the plan, since it was only announced on June 23. The plan includes many existing policy measures and lacks fiscal backing. Nor can the policy imprint of the Prime Minister be clearly seen in the set of emergency measures to improve the social welfare system.

Fukuda told reporters last night: "The public's anxiety about the future and its distrust of government must be eliminated."

Fukuda ordered the compilation of an emergency plan in mid-May. Due to the public's dissatisfaction with the health welfare system for those aged 75 and older, the cabinet support rate dropped to below 20 PERCENT a poll conducted by the Mainichi Shimbun. Fukuda consulted only with former Chief Cabinet Secretary Kaoru Yosano and Special Advisor to the Prime Minister Tatsuya Ito on the plan. He did not say anything to concerned cabinet ministers. He wrote up a draft on a flight from Okinawa to Tokyo immediately his press conference on June 23.

Timetable for the five step plan to ease public anxieties

? Policies for the elderly (support companies that hire people aged 65 or older, which would be reflected in fiscal 2009 budget; and review the pension system for the working elderly, with the government considering the submission of a bill to the next regular Diet session).

? Medical services (increase financial support to doctors who have been sent to remote areas, which would be reflected in fiscal 2009 budget; and financial assistance to medical institutions that have many patients, which would be reflected in the fiscal 2009 budget).

TOKYO 00002075 010 OF 011

? Support for child-rearing (establishing of "child subsidy", which would be reflected in FY2009 budget; a bill to create a "child-rearing mom" system, on which the government would submit a bill to the next extraordinary Diet session).

? Policies for irregular workers (support "Internet cafe refugees," which would be reflected in FY2009 budget; expanding the application of social insurance.

? Reform of the Health, Labor and Welfare Ministry (establish an experts panel, who would hold a first meeting on August 1 and would come up with an interim report within the year).

17) Structural reform drive losing steam, meeting number of setbacks, including pork-barrel budget allocations, postponement of burden sharing, strengthening of regulations

NIKKEI (Page 2) (Excerpts)
July 30, 2008

Moves to counter the reform policy line set by the Koizumi cabinet can be seen one after the other in the government and the ruling parties, including pork-barrel budgetary allocations, postponement of burden sharing, and the strengthening of regulations. These efforts give a strong impression of being intended to counter the Democratic Party of Japan (DPJ or Minshuto), since the next Lower House election could occur anytime soon. The Fukuda cabinet has managed to maintain a spending-cut policy line in the compilation of budget request guidelines for fiscal 2009. However, its reform policy line is beginning to fray at the edges.

The government and the ruling parties on July 29 adopted a set of additional measures to address the surging crude oil prices, centered around a government plan to compensate commercial fishermen for their increased fuel expenses. The package is attached with a condition that recipients make an energy-saving effort in a group consisting of more than five. However, a senior official of one fishing industry organization was surprised at the government assistance, saying, "To be honest, I have never expected that the government would go to this extent."

Nightmare of Upper House election

The government plans to draw the necessary money from an existing 8-billion-yen fund, instead of using new resources. However, fisheries policy experts are in high spirits with Yasukazu Hamada, chairman of the comprehensive fisheries research commission, noting, "If we quickly use up the fund, it would make it easy for us to call for the compilation of a supplementary budget." Mikio Aoki, former head of the LDP caucus in the Upper House, said, "8 billion yen means infinite." Machimura hinted at a possibility of an early compilation of a supplementary budget, noting, "If we determine that there is a shortfall in budgetary funds, we will cope with the situation swiftly and flexibly."

What is driving the ruling party to go through such efforts is election driven: the expiration of the term of office of members of the Lower House late next year and the DPJ's moves in the run-up to the next Lower House election.

The DPJ in June proposed 100 billion yen worth of measures to address the steep rise in crude oil prices. Nobutaka Tsutsui, the agriculture minister of the "Next Cabinet" said, "80 billion yen is insufficient." He underscored his party's plan to expand in its

manifesto for the next Lower House election the household income compensation system for farmers, released for the Upper House election last year, to cover the fisheries, forestry and livestock industries, as well. Such a move by the DPJ reminds the LDP of its crushing defeat in the Upper House election. The LDP was criticized during the Upper House election campaign as abandoning the rural areas and as a result, it suffered a devastating defeat in such constituencies.

The ruling camp also lost a seat in the by-election in the Yamaguchi No. 2 Constituency held this spring. It is viewed that the introduction of the public health insurance scheme for elderly people aged 75 or older was the reason for the defeat. Following the defeat, the LDP and the New Komeito have decided to put a moratorium on the hike in over-the-counter payment of medical treatment fees paid by elderly people in the 70-74 age bracket, even though it was scheduled to be implemented in April 2009. Moves to put off the ruling camp's election pledge to raise the proportion of state contribution to the basic pension starting in fiscal 2009 are also appearing.

SCHIEFFER